BC STATS
Province of British Columbia
Ministry of Finance and Corporate Relations

Infoline

Issue: **97-01** **6** Pages
January 3, 1997

You will find the last 5 issues on our website:
http://www.bcstats.gov.bc.ca

Report

BC Has Biggest Stake in Team Canada Mission

BC at a glance . . .

POPULATION (thousands)	Oct 1/96	% change on year ago
BC	3,888.5	2.5
Canada	30,101.6	1.2
GROSS DOMESTIC PRODUCT		% change
(BC - at market prices - $ millions)	1995	on year ago
Current Dollars	103,273	4.6
Constant (1986) Dollars	74,107	1.9
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Oct	2,871	1.8
Merchandise Exports (raw) Oct	2,240	0.0
Retail Sales (seasonally adjusted) Oct	2,602	1.9
CONSUMER PRICE INDEX		% change
(all items - 1986=100)	Nov '96	on year ago
BC	138.8	0.7
Canada	136.8	2.0
LABOUR FORCE (thousands)		% change
(seasonally adjusted)	Nov '96	on year ago
Labour Force - BC	2,020	4.1
Employed - BC	1,829	4.1
Unemployed - BC	191	4.4
		Nov '95
Unemployment Rate - BC *(percent)*	9.5	9.4
Unemployment Rate - Canada *(percent)*	10.0	9.4
INTEREST RATES (percent)	Jan 1/97	Jan 3/96
Prime Rate	4.75	7.50
Mortgages - 1 year	5.20	7.25
- 5 year	6.95	8.45
US/CANADA EXCHANGE RATE	Jan 1/97	Jan 3/96
(avg. noon spot rate) Cdn $	1.3691	1.3589
US $ *(reciprocal)*	0.7304	0.7359
AVERAGE WEEKLY EARNINGS		% change
(industrial aggregate - dollars)	Oct '96	on year ago
BC	611.94	1.7
Canada	593.77	3.2

SOURCES:
Population, GDP, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Review

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highlights to resume next week

highlights will be included with the January 10 transmission.

Released this week by BC STATS

- Exports (BC Origin), September 1996

Next week

- No Subscription Releases

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Infoline

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Infoline Report:
January 3, 1997

BC Has Biggest Stake in Team Canada Mission

Reprinted from the September 1996 Issue of *Exports (BC Origin)*. An annual subscription is $60 + GST.

A 12 day federal-provincial trade mission to Asia is scheduled to begin January 8 and will include visits to South Korea, Thailand and the Philippines.

This will be the third in a series of 'Team Canada' trade missions in which the Prime Minister and provincial premiers visit fast growing overseas trading partners to open doors for Canadian exporters. The first was in 1994, when Prime Minister Chrétien and provincial premiers visited China. A second mission in January 1996 included stops in India, Pakistan, Indonesia and Malaysia.

British Columbia does more export business with the three official destinations on next month's tour than any other province. Together these countries accounted for 5% of British Columbia's exports in 1995, a much larger portion than for any other province. They were the destinations for 3% of Alberta exports, and only 1% of Ontario or Quebec exports.

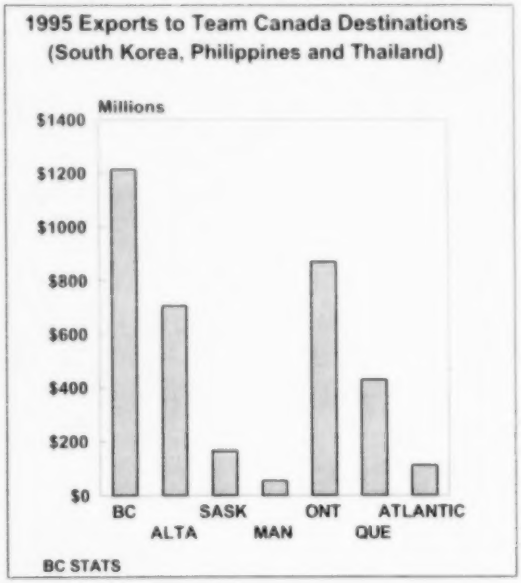
Of the $3.6 billion 1995 Canadian exports to South Korea, the Philippines and Thailand, $1.2 billion (34%) were from British Columbia and another $871 million were from Alberta and Saskatchewan. The three western-most provinces together accounted for over half (59%) of the total for Canada and were the only provinces estimated to enjoy positive trade balances with countries on the tour.

The strength of western Canadian exports to these markets rests on the familiar exchange of natural resource and agricultural goods for imports of secondary manufactured products. With abundant natural resources and relative proximity to Asia Pacific, British Columbia and the other western provinces are well positioned to supply the resource commodity needs of emerging Asian economies.

It is another story for secondary manufactured products. These are still shipped mainly from Ontario and Quebec, although western provinces have made steady progress in expanding both their production and exports.

Machinery and equipment, for example, accounted for 20% of total Canadian exports to countries on the tour, but only 3% of exports from British Columbia. The British Columbia share of total Canadian machinery and equipment exports to countries on the Tour amounted to only 5%.

Much of the focus on this trip will be on opening doors for exports of secondary manufactured goods. The products being promoted by federal organisers of the Tour include those most likely to appeal to rapidly industrialising economies. The Prime Minister has declared that 'Canadian firms excel in the building of sound and sustainable economic infrastructures. They specialise in providing goods and services that help economies grow.'



Among categories of exports listed for special attention on this mission are telecommunications and information technology equipment, building products, transportation and agri-food. All are products becoming more important in British Columbia's export mix.

But more than any other province, British Columbia already has a well established trade in the Asia Pacific region that it will need to secure and to develop further. The western provinces are likely to have a wider range of objectives for the tour than central Canada. With their large exports of natural resource products to the Asia Pacific, western provinces have a strong interest in protecting and developing this bread and butter aspect of their economies, at the same time as they join with eastern provinces in pitching for export opportunities for their emerging secondary manufacturing industries.

Exports Not Keeping Pace With Market Growth

The three countries on next month's mission were selected because they offer some of the best available prospects for new export markets. Their com-

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bined population of 170 million is 35% greater than Japan. Their rates of economic expansion are among the fastest in the world, promising to make them some of the fastest growing export markets in the late 1990's.

The South Korean economy expanded 8.6% in 1994 and 9% in 1995, according to numbers released by the International Monetary Fund (IMF). This performance

is particularly impressive given the already high degree of industrialisation.

Economic growth in the Philippines lagged other parts of the Asia Pacific during most of the 1990's. However, it has begun to pick up in recent years with growth of 4.4% in 1994 and 4.8% in 1995. Even stronger growth is anticipated for the first half of 1996.

Thailand produced a very strong economic performance during the 1990's, with growth of 8.8% in 1994 and 8.7% in 1995.

Economic Growth
(percent growth in gross domestic product, after inflation)

	1990	1991	1992	1993	1994	1995
Destinations on January 1997 Team Canada Mission						
South Korea	9.5	9.1	5.1	5.8	8.6	9.0
Philippines	3.0	-0.6	0.3	2.1	4.4	4.8
Thailand	11.6	8.1	8.1	8.3	8.8	8.7
Traditional Canadian Trading Partners						
United States	1.3	-1.0	2.7	2.3	3.5	2.0
Japan	5.1	4.0	1.1	0.1	0.5	0.9
Germany	5.7	5.0	2.2	-1.1	2.9	1.9
United Kingdom	0.4	-2.0	-0.5	2.1	3.9	2.5
Canada	-0.2	-1.8	0.8	2.2	4.1	2.3

BC STATS Source: International Monetary Fund

These after inflation growth rates far outstripped those for the more developed countries that still account for the bulk of British Columbia and total Canadian export trade. The United States economy, for example, grew just 2% in 1995. The Japanese economy managed a bare 0.9%, and Germany 1.9%.

Strong economic growth has brought sharply rising demand for imports. Canadian exports have grown, but not at the same pace as the exports of some international competitors selling to countries on the tour. The resulting loss of Canadian and British Columbia share in the import business of these countries is something the Team Canada Mission will attempt to reverse.

The combined imports of South Korea, Thailand and the Philippines, from all countries, grew 54% between 1990 and 1994. Their imports from British Columbia and other parts of Canada grew at less than half that rate.

Between 1990 and 1994, the Canadian share of the combined total imports of these three countries fell from 2% to 1%. The 1% drop amounted to a value of $US 1.7 billion in 1994 Canadian exports, of which the estimated British Columbia share would have been about $US 565 million.

Loss of market share has been pronounced for the natural resource commodities in which Canadian exports to the Asia Pacific are still concentrated, and which are still counted among the mainstays of British Columbia's economy.

The Canadian share of coal imports by Korea, for example, dropped from 27% in 1990 to 18% in 1994. British Columbia was the source for 58% of 1994 Canadian shipments.

Similarly for aluminum, the Canadian share of the combined market of the three countries on the tour fell from 10% in 1990 to 7% in 1994. British Columbia was the source of 83% of this trade.

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Infoline Report: BC's Stake in Team Canada Mission

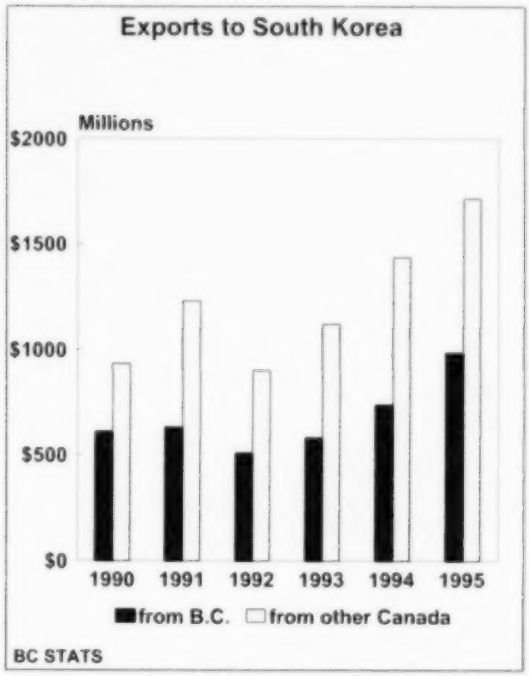
South Korea

South Korea will be by far the most important Team Canada stop in terms of existing trade. In 1995 it was the destination for $2.7 billion of Canadian exports, 75% of exports to all countries on the tour.

Pulp was the leading Canadian export commodity to Korea in 1995, accounting for 21% of the total. Fifty two percent originated in British Columbia.

Coal was the second most important commodity, accounting for 14% of the total. Fifty eight percent was from British Columbia. Korea is the only significant importer of Canadian coal among the countries on the Tour.

Aluminum was third most important, accounting for 6%. Eighty percent was produced in British Columbia.



Other Canadian exports to Korea included copper concentrates, paper, chemicals, lumber products and machinery and equipment.

The machinery and equipment category included many of the more value added sorts of products that are often promoted on trade tours. Korea was the destination for $522 million of Canadian exports in this category in 1995, 73% of the total shipped to all countries on the tour.

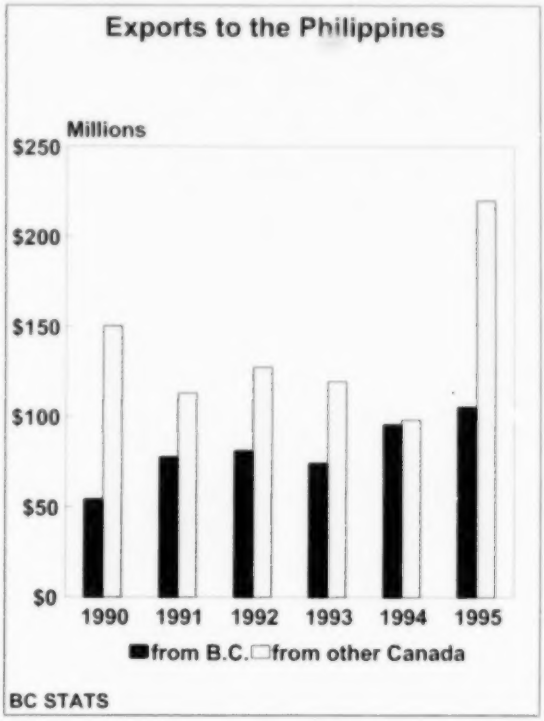
Canadian imports from Korea featured electronic equipment, vehicles and other manufactured goods totalling $3.2 billion in 1995.

Imported electronic goods included $660 million in components, many to be included in electronic equipment manufactured in Canada. Much of this equipment is then exported, another cycle in an increasingly globalized manufacturing process.

The Philippines

A strong burst in economic growth in recent years has raised hopes that the Philippines will soon be added to the growing list of Asian 'tigers' - newly industrialising economies growing at much faster rates than the world average. Canadian exports to the Philippines have shown some evidence of this in 1994 and especially in 1995.

Exports to the Philippines in 1995 rose to $325 million, featuring $62 million in electronic equipment, $52 million in British Columbia copper concentrates, $28 million in prairie wheat and $16 million in British Columbia pulp.



1995 Canadian imports from the Philippines included 44% electronic machinery and parts, valued at $219 million. Over three quarters of this ($171 million) was in electronic components, most of them destined to be used as parts for equipment assembled in Canadian factories.

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Thailand

1995 Canadian exports to Thailand featured organic chemicals as the largest single category. Products in this group accounted for $88 million, 16% of the $557 million total Canadian exports to Thailand.

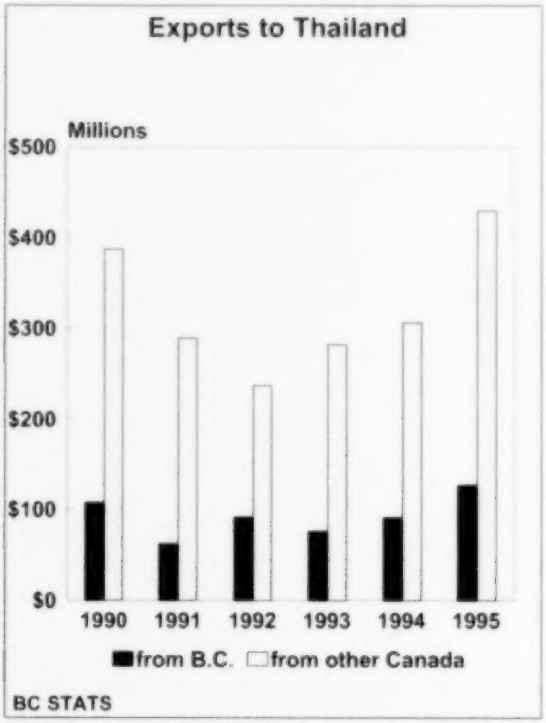
Pulp exports of $82 million were a close second. Other important export products were $48 million of asbestos and $45 million of newsprint.

British Columbia pulp comprised $63 million of the $82 million Canadian total pulp shipments, and accounted for 50% of all the province's exports to Thailand. Newsprint exports of $14 million and other paper exports of $11 million together accounted for another 20%.

1995 Canadian imports from Thailand were widely distributed among a variety of mainly secondary manufactured products.

The largest single category was miscellaneous electrical and electronic machinery accounting for $238 million, 24% of the $1,014 million total. Some $70 million of this was in integrated circuits and micro assemblies. Another $86 million was in computer equipment.

Fisheries products comprised another major category of imports, accounting for a further $221 million, or 22%.



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